

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

COMPETITIVE PRODUCT PRICES
PRIORITY MAIL
PRIORITY MAIL CONTRACT 581

Docket No. MC2020-66

COMPETITIVE PRODUCT PRICES
PRIORITY MAIL CONTRACT 581 (MC2020-66)
NEGOTIATED SERVICE AGREEMENT

Docket No. CP2020-65

USPS RESPONSE TO CHAIRMAN'S INFORMATION REQUEST NO. 1
(December 19, 2019)

The United States Postal Service hereby provides its response to Chairman's Information Request No. 1, which was issued on December 18, 2019. A response was due by December 27, 2019.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorney:

Sean C. Robinson

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December 19, 2019

USPS RESPONSE TO CHAIRMAN'S INFORMATION REQUEST NO. 1

REQUEST:

Please submit a revised version of the contract without redactions in Sections I.H (other than the tables), I.I, I.J, I.K, and II. Alternatively, please explain why the information in these Sections is of a type for which non-public treatment was requested.

RESPONSE:

Attached.

ATTACHMENT A

REDACTED AMENDMENT TO PRIORITY MAIL CONTRACT 581

**SHIPPING SERVICES CONTRACT
BETWEEN
THE UNITED STATES POSTAL SERVICE
AND
[REDACTED]
REGARDING
PRIORITY MAIL SERVICE**

This Contract for shipping services is made by and between [REDACTED], a limited liability company organized and existing under the laws of [REDACTED] with its principal office at [REDACTED] (“Customer”), and the United States Postal Service, an independent establishment of the Executive Branch of the United States Government established by the Postal Reorganization Act, Public Law 91-375, with its principal office at 475 L’Enfant Plaza, SW, Washington, DC 20260 (the “Postal Service”). The Postal Service and Customer are referred to herein collectively as the “Parties” and each as a “Party”.

WHEREAS, it is the intention of the Parties to enter into a Shipping Services Contract (“SSC” or “Contract”) that will benefit the Postal Service, the postal system as a whole, and Customer, and that will comply with the requirements of Title 39 United States Code, as amended by the Postal Accountability and Enhancement Act of 2006,

NOW, THEREFORE, the Parties agree as follows:

I. Terms

The following terms apply as of the effective date, as defined below:

- A. Except to the extent different terms or prices are specified in this Contract, applicable provisions of the Domestic Mail Manual (as may be regularly updated by the Postal Service and posted at http://pe.usps.com/text/dmm300/dmm300_landing.htm) and of other postal laws and standards, including USPS Publication 52 – Hazardous, Restricted, and Perishable Mail, apply to mail tendered under this Contract.
- B. This Contract applies to Customer’s inbound and outbound packages, excluding packages originating from and/or addressed to ZIP codes contained in Table A below (collectively “Contract Packages”), as follows:
 - 1. Priority Mail weight-based packages that do not exceed [REDACTED]; and
 - 2. Priority Mail cubic packages that do not exceed [REDACTED]



The ZIP Codes listed in Table A may be modified by the Parties from time to time by written mutual agreement.

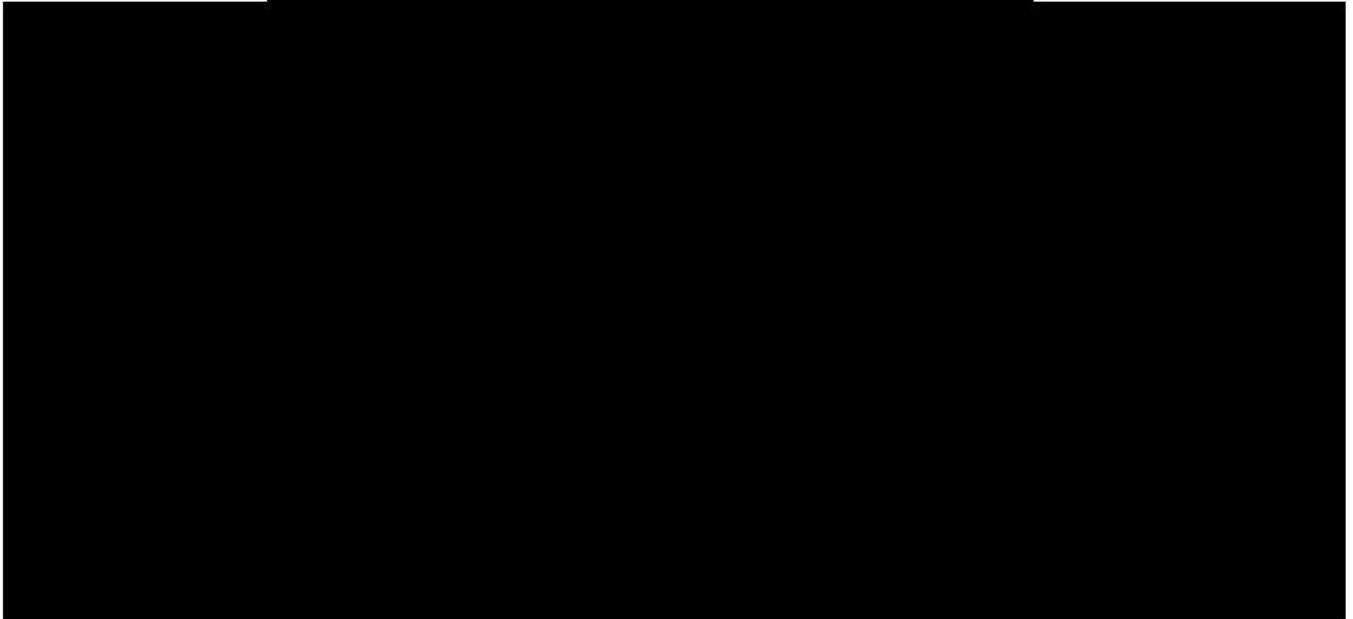
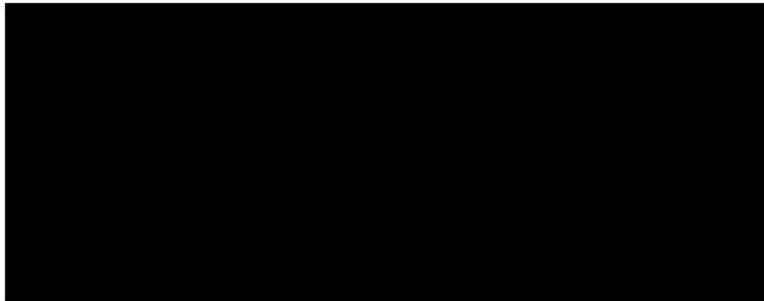
- C. Customer expressly commits to not offer, sell, or allow the use of Contract Pricing provided in this Contract to any other entity or party (i.e. “reselling”). Customer shall not extend pricing to a third party under this Contract, including commercial published pricing for the products defined in Section I.B, or any prices below commercial published pricing. For the avoidance of doubt, a violation of this section will constitute a material breach of this Contract. This requirement may be waived in writing by the Postal Service, expressly for the limited purpose of Customer’s dropshipping activities.
- D. Customer will manifest Contract Packages as specified by the Postal Service, using a separate permit number and/or PC Postage account to ship such packages, and will use the Electronic Verification System (“eVS”), other USPS approved manifest systems, or USPS approved PC Postage vendors for payment of such packages. The Parties have mutually agreed to specific shipping locations from where Contract Packages must originate, along with the associated Customer Registration ID, Mailer ID and Payment Method information required for each shipping location provided that dropshipping, as may be approved by the Postal Service, may originate from other locations. Contract pricing for any newly approved permits and/or PC Postage accounts will be effective within fifteen (15) business days after the Postal Service receives written notification from Customer. Only Contract Packages, and Customer’s other Priority Mail packages (“Total Packages”), shipped from authorized permits and/or PC Postage accounts shall count toward the volume commitment in Section I.F below.
- E. The Postal Service will not provide Customer with Priority Mail packaging.
- F. Volume Commitment. Customer should ship at least [REDACTED] Total Packages per Contract Quarter.
- G. The terms and prices contained herein will take effect on the effective date as defined in Section II. The Contract Quarters are defined below in Table B:

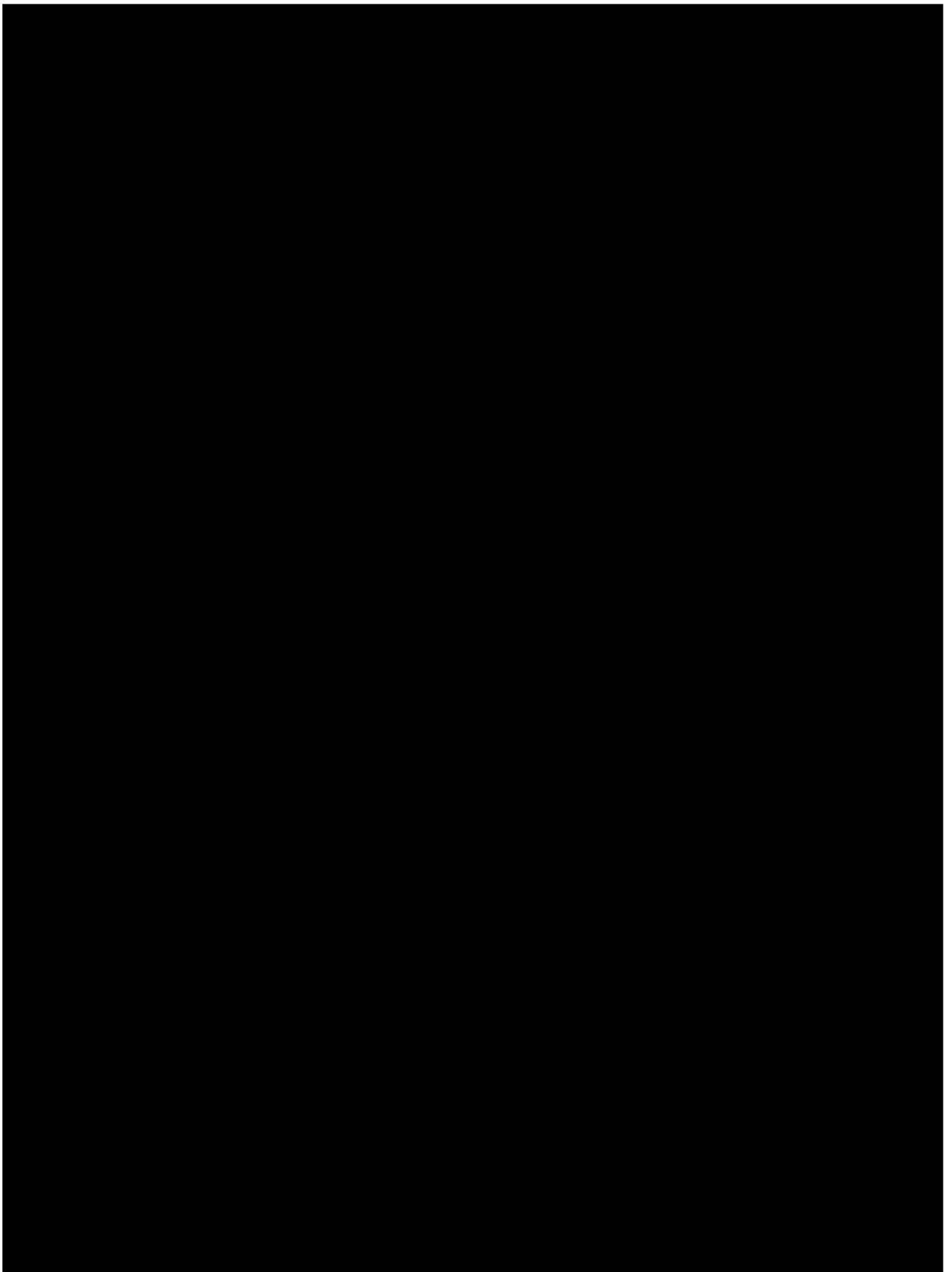
Table B

Period Name	Start of Period	End of Period
Quarter 1	January 1 st	March 31 st
Quarter 2	April 1 st	June 30 th
Quarter 3	July 1 st	September 30 th
Quarter 4	October 1 st	December 31 st

H. Contract Prices. Customer shall receive pricing based on Customer's number of Total Packages shipped per Contract Quarter, as follows:

1. Implementation Period. From the effective date of the Contract until the end of the first full Contract Quarter ("Implementation Period"), and for the Contract Quarter following the Implementation Period, the Customer shall receive Tier 2 prices pursuant to Table 2 below.
2. Subsequent Prices. Following the first full Contract Quarter, not to include the Implementation Period, Contract prices will be based on Customer's volume of Total Packages shipped during the previous full Contract Quarter, pursuant to Table C below.
3. The Postal Service will monitor Customer's volume of Total Packages, and within fifteen (15) calendar days after the start of each Contract Quarter, will notify Customer of the applicable tier for that Contract Quarter based on Table C, with corresponding prices found in Tables 1 through 3 below. Tier price changes will be effective within fifteen (15) calendar days after the start of each Contract Quarter. Discounted prices will be calculated by the Postal Service and rounded up to the nearest whole cent.
4. If the volume in any Contract Quarter, throughout the term of this Contract, falls below the minimum quarterly volume set for Tier 1 pricing, the Postal Service in its sole discretion has the right to revert Customer to the most current Priority Mail Commercial Plus prices for the subsequent Contract Quarter.







I. Price Adjustments

1. For subsequent years of the Contract, beginning on the first anniversary of the Contract's effective date, customized prices under this Contract will be the previous year's prices plus the most recent (as of the anniversary date) overall percentage increase in prices of general applicability for Priority Mail Commercial Plus, as calculated by the Postal Service.
 2. Customized prices for the subsequent years will be calculated by the Postal Service and rounded up to the nearest whole cent. If the Postal Service maintains or decreases published prices of general applicability for Priority Mail Commercial Plus, there shall be no change to Contract Package pricing for that Contract Year.
- J. Quarterly Business Reviews. The Parties shall, within fifteen (15) calendar days after the conclusion of each full Calendar Quarter in each Contract Year, jointly conduct a business review of Customer's Contract Packages, the agreed-upon locations referred to in Section I.D, and other performance expectations under this Contract either in person, by telecom, or by webinar. If either Party is unable to conduct a business review within fifteen (15) calendar days after the conclusion of the above referenced calendar quarters, it shall notify the other Party in writing (i.e. email or mail) of that fact and propose a date as soon as practicable thereafter. The Postal Service must notify Customer, within fifteen (15) calendar days after the start of each full Contract Quarter, of the applicable tiered discounts for any Contract Packages shipped during that Contract Quarter. The calculated rate for the new Contract Quarter will become effective within fifteen (15) calendar days from the start of the new Contract Quarter.
- K. Record Keeping and Audit. Customer shall respond to the Postal Service's or its designated auditor's quarterly and/or yearly transaction confirmations related to Postal Service transactions; and such other assistance as required by the Postal Service or its designated auditors in connection with Customer's performance under this Contract.

II. Regulatory Review and Effective Date

This Contract is subject to approval by Postal Service senior management, and/or the Governors of the Postal Service, as well as, by the Postal Regulatory Commission (the "Commission"). In accordance with Title 39 and the Commission's Rules of Practice and Procedure, the Postal Service will make required filings with the Commission. The effective date

of this Contract shall be two (2) business days following the day on which the Commission issues all necessary regulatory approval. For the purposes of this SSC, business days are defined as Monday through Friday, excluding federal holidays and days on which the Postal Service Headquarters is administratively closed.

III. Expiration Date and Termination

This Contract shall expire three (3) years from the effective date, unless (1) terminated by either Party with thirty (30) calendar days' notice to the other Party in writing; (2) renewed by mutual agreement in writing; (3) superseded by a subsequent contract between the Parties; (4) ordered by the Commission or a court; or (5) required to comply with subsequently enacted legislation.

If, at the conclusion of this Contract term, both Parties agree that preparation of a successor SSC is active, this SSC will be extended for up to two (2) ninety (90) calendar day periods with official notification to the Commission at least seven (7) calendar days prior to the Contract's expiration date. Upon both Parties agreement of the extension, the escalation clause will be implemented in Section I.I, throughout the extension period.

IV. Appeals

Customer may appeal a Postal Service decision regarding the calculation of prices, the amount of postage paid, or other implementation or operational issues under this Contract by submitting a written appeal within thirty (30) calendar days of receipt of notification of the determination giving rise to the appeal to: Manager, Pricing and Classification Service Center ("PCSC"), 90 Church Street Suite 3100, New York, NY 10007-2951 ((212) 330-5300 / Fax: (212) 330-5320). The decision of the PCSC Manager will be administratively final. Any decision that is not appealed as prescribed becomes the final Postal Service decision.

V. Confidentiality

Customer acknowledges that as part of securing approval of this Contract, the Contract and supporting documentation will be filed with the Commission in a docketed proceeding. The Postal Service shall request from the Commission non-public treatment of information that the Postal Service deems to be eligible for protection from public disclosure when it files such material with the Commission, including Customer's identity, the terms of this Contract, and supporting data relating to postal costs, prices, and Customer's shipping profile. The Postal Service will redact such information from its public filing. Customer authorizes the Postal Service to determine the scope of information that must be made publicly available in the Commission's docketed proceeding. Customer further understands that any unredacted portion of this Contract or supporting information will be available on the Commission's public website, www.prc.gov. At the request of Customer, the Postal Service will notify Customer of the docket number of the Commission proceeding once assigned. Customer has the right, in accordance with the Commission's rules, to address its confidentiality concerns directly with the Commission. Customer agrees to treat as confidential and not disclose to third parties absent

express written consent by the Postal Service any information related to this Contract that is determined by the Commission to be non-public.

VI. Amendments

This Contract shall not be amended except expressly, in writing, by authorized representatives of the Parties.

VII. Assignment

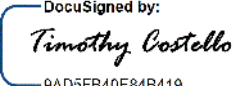
Neither Party may, or shall have the power to, assign its rights under the Contract or, delegate its obligations hereunder, without the prior consent of the other; such consent is not to be unreasonably withheld. In addition, in the event that Customer is merged with or into or acquires another entity, pricing under this Contract following such merger or acquisition shall apply only to mail sent by the entity existing prior to the merger or acquisition. Following any such merger or acquisition, the parties may negotiate in good faith to extend, modify or enter into a new contract applicable to the merged or acquired entity.

VIII. Waiver

Any waiver by a Party shall not constitute a waiver for any future occurrence. No waiver shall be valid unless set forth in a writing executed by the Party waiving such provision.

IN WITNESS WHEREOF, the Parties hereto have caused this Contract to be duly executed as of the later date below:

UNITED STATES POSTAL SERVICE

Signed by:  _____
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Printed Name: Timothy R. Costello

Title: Vice President Sales

Date: 12/3/2019

